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SUBJECT: DHI QAR PRT: PIC IMPROVES BUT NOT QUITE THERE

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Summary

¶1. (U) Under charismatic leadership, the Dhi Qar Provincial Investment Commission (PIC) scores some victories but lacks the strategic planning, organization and professionalism to reach its lofty goals. END SUMMARY.

How Not to Build an Organization

¶2. (SBU) Dr. Ismail Radhi serves as the PIC Chairman in Dhi Qar. He has close ties to Governor Aziz Alwan (ISCI) and most likely holds a second paid position as an advisor in the Governorate. While this may be contrary to the National Investment Law, Dr. Ismail remains an excellent and motivated contact of the PRT. He welcomes engagements and has noted the shortcomings of the PIC and the business community in Dhi Qar. In particular he has asked for technical training on project management, investment, planning, and organization.

¶3. (SBU) In our early engagements with the PIC it was clear that there was an initial euphoria at the amount of resources allocated for operations. The PIC immediately hired 90 staff members. Dr. Ismail acknowledged that once the staff members were on board, then they began to think about how the PIC should be organized based on the skill sets their employees brought to the table. The result is a disjointed organization that has managed to produce some basic marketing materials with the help of the National Investment Commission (NIC) but otherwise remains rudderless.

Success Stories?

¶4. (SBU) The Dhi Qar PIC has scored some successes such as agreements on housing developments. More frequently though details about agreements are usually scarce and results exaggerated. One such example was the alleged agreement signed between the Dhi Qar PIC and the Turkish investment group OSTIM on December 31, 2008. The media picked up the story as an unmitigated success that would bring in 8 billion USD over five years to develop an industrial city just south of Nasiriyah. From subsequent discussions with the PIC Chairman it appears that what was signed was a memorandum of understanding on protocols regarding how OSTIM would engage with the PIC in the future. While this is a positive development, it is only the beginning, not the crowning achievement as originally advertised.

¶5. (SBU) What was advertised as another success story was an Iranian investment to build a cement factory in western Dhi Qar. Originally thought to be a done deal, the investor has failed to obtain the required credit certificates and the deal remains on indefinite hold.

15. (SBU) The PIC clearly has an interest in playing a role in the development of Dhi Qar's oil sector. They presented the PRT with flow charts on investment opportunities in refineries and oil field exploitation. While the flow charts showed a high level of coordination between the various line ministries to include oil, finance and planning, the PIC Chairman was unaware of developments such as the Front End Engineering and Design (FEED) award recently made by the Ministry of Oil for a 300,000 bpd refinery in Nasiriyah.

The Chairman also did not mention the recent bids from Italy's Eni SpA, Spain's Repsol and Japan's Nippon Oil for an oil services contract in Dhi Qar. This leads the PRT to believe that the PIC is largely out of the loop with regards to decisions being made by the Ministry of Oil in Baghdad.

Pipe Dreams

16. (SBU) The Provincial Government in Dhi Qar repeats three major ideas each involving large sums of investment. These are not new ideas and have been shopped around to investors and Coalition Forces for years. Unfortunately the Provincial Government has yet to come up with firm proposals or market research on any of them. These ideas include a Civilian Air Terminal at Tallil Air Base, a Touristic City of Ur and an Industrial City 12 km south of Nasiriyah. The air terminal proposal has allegedly received some funding from the central government to conduct an initial viability study, but PRT has received no updates. The PIC has hosted

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international investors with regard to a touristic city based on the archeological sites at Ur. Similar to ideas bubbling in other provinces this would include five-star hotels and massive infrastructure development. Again, no real studies or plans have been conducted. The third big dream is the industrial city mentioned above. The big-ideas are there; the means to get the ideas on paper in a way that can be implemented is not.

Comment

19. (SBU) The PIC revolves around Dr. Ismail as the Chairman, who acts as directed by Governor Aziz. Contacts at every other level with the PIC have proven fruitless. While the PIC has made some progress, thanks to the NIC and Iraq-wide training initiatives, they have requested more targeted efforts as they recognize they are not at the same level, nor do they have the same investment opportunities, as Karbala or Najaf. PRT welcomes the MND-C funded initiative to bring an expert consultant to Dhi Qar with a Bilingual Bicultural Advisor to work directly with the PIC. The expert will need daily access to the PIC, a strong familiarity with the National Investment Law and not be over-encumbered by security requirements.

END COMMENT.

CROCKER